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BIG AND LITTLE CO-OPS--ATTITUDES OF PEOPLE IN LOCALLY-OWNED COOPERATIVES TOWARD MERGERS WITH LARGE COOPERATIVES. FINAL REPORT.

BY- FRANZ, VERL R.W. HALLER, A.O.
MICHIGAN ST. UNIV., EAST LANSING,AGR. EXP. STATION

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THE MICHIGAN FARMER, GENERALLY A "CO-OP" MEMBER, MUST RESPOND TO THE PROBLEMS OF RETAINING HIS TRADITIONAL, LOCALLY CENTERED LIFE, OR AFFILIATING, WITH HIS COOPERATIVE, IN SOME WAY WITH TODAY'S LARGE, COMPLEX PRODUCTION AND DISTRIBUTION SYSTEMS. TO HELP DETERMINE HIS RESPONSE TO THIS PROBLEM, A RANDOM SAMPLE OF 30 COOPERATIVES WAS SELECTED TO STUDY FROM 99 AVAILABLE. PERSONAL INTERVIEWS WITH THE COOPERATIVE MANAGER, ONE BOARD MEMBER, AND ONE FARM MEMBER WERE CONDUCTED. DATA WERE COLLECTED ON THE FOLLOWING--(1) AGE, (2) EDUCATION, (3) TENURE, (4) MANAGER'S EXPERIENCE, AND (5) MANAGER'S, BOARD MEMBER'S, AND FARM MEMBER'S ATTITUDES TOWARD BECOMING A MEMBER OF A LARGER COOPERATIVE. THE RESULTS INDICATE THAT MERGER WILL BE FACILITATED (1) IF MANAGERS CAN MAINTAIN JOB SECURITY, (2) IF MANAGERS, BOARD MEMBERS, AND FARM MEMBERS CAN EACH BE SURE THAT THEY WILL BE ABLE TO EXERT INFLUENCE ON THE ACTIONS OF THE LOCAL "CO-OP," AND (3) IF EACH GROUP IS CONVINCED THAT THE OTHERS ARE IN FAVOR OF MERGER. (JH)

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BIG AND LITTLE CO-OPS:

Attitudes of People in Locally-Owned Cooperatives Toward Mergers With Large Cooperatives

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Verl R. W. Franz and A. O. Haller

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
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Attitudes of People in Locally-Owned Cooperatives Toward Mergers With Large Cooperatives

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Two strong ideas are characteristic of U. S. farmers generally, and Michigan farmers specifically. One is the long standing adherence to freedom of individual choice. The other is the traditional belief that their localities are autonomous and sacred. Farmer Cooperatives, both producer and consumer, are an expression of these localistic ideas in response to economic conditions.

The early economic development of U. S. industry and agriculture was primarily local. Small businesses in small cities could not serve farmers adequately and even when they could, business transactions between city and farm residents left much to be desired. The American farmer, somewhat alienated because of a self-sufficient past, responded to economic needs by self help. As mechanization took over the farm, as the size of farm operations increased, the farmer needed elevator and distribution facilities which could not, or would not, be provided by city business interests.

This need for supply and distribution facilities when not met by the business community was solved by the development of cooperatives. The American farmer had been accustomed to mutual help principles. He had

helped his neighbor raise his barn; the threshing season had brought all neighbors together to complete the harvest; so it was not unusual that he should join with his neighbors to collectively buy seed corn or to market cream, and ultimately in the midwest to form elevator cooperatives.

Cooperatives in Michigan were originally organized locally to meet local economic problems. These relatively small organizations were a response to protection of prices for their produce as well as to gain favorable farm supply costs. It was natural that they should solve these problems jointly as they had solved others in the past.

Kercher wrote in 1941, "It has been in the intimate, neighborly, social setting of the hamlet, village, or small town that the cooperatives as a whole have had their firmest roots. Here occupational and other class differences are minor factors, and consequently economic wants are sufficiently commonplace and uniform to be served by a relatively simple institutional structure. Furthermore, the face-to-face contacts of every day life provide the ideal social experience for the development of common understanding and the formation of attitudes of group solidarity so essential to voluntary cooperative effort."*

Present day changes in the economic structure of agriculture tend to challenge Kercher's "commonplace and uniform economic wants to be served

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*Kercher, L. C., Hebker, V. W., and Leland, W. C. Jr., Consumers' Cooperatives in the North Central States, U. of Minn. Press, 1941, pp. 119-120.

by a relatively simple institutional structure." High cost mechanization, high cost production and distribution, and large expensive farm operations have demanded that farmers become highly skilled managers with a knowledge of all aspects of the agricultural economic picture. The modern farmer must be rational to survive. This demand for modern management has placed the Michigan farmer in a conflicting position which is expressed in his attitude toward his cooperative. On the one hand his traditional way of life demands that he be independent in decision but tied strongly to his intimate, face-to-face experiences in his own locality with life-long friends and acquaintances who band together cooperatively to meet common and uniform problems. On the other hand he has been caught up by increasing industrialization and mechanization on the farm. He finds he must compete in large markets; he must purchase from nation-wide manufacturers and must learn to operate in the business community which is large and complex and adhers to rules unlike any in his local community. He finds his local cooperative inadequate to meet the challenges of modern agriculture and he finds that he must think about the place of his cooperative in these changing times. What is he most likely to do? Will the Michigan farmer accept the fact that he must affiliate in some way with large complex production and distribution systems or will he hold more tenaciously to his traditional sentiments of localism and individualism? This study is an attempt to understand how managers, board members and farmer members of a sample of Michigan locally owned and operated cooperatives respond to this dilemma.

The Agricultural Experiment Station section of Michigan State University's Department of Sociology and Anthropology agreed to conduct this

study. This department has always, as has the University, been concerned with Michigan farmers' problems. This concern was heightened when it became apparent that elevator failures were on the increase and state-wide cooperative sales were on the decrease. This indicated that a concerted effort to strengthen linkages between large cooperatives and local cooperatives might be in order for mutual survival in the emerging competitive struggle in Michigan agriculture.

Time and financial limitations prevented an analysis of the total problem. Therefore, after considerable investigation of the total problem, it was redefined into a more specific problem. Specifically, this project deals with the attitudes and feelings of people involved in local cooperatives as they are related to the problem of greater linkage with larger cooperatives. This was done to estimate the degree to which Co-op members would be in favor of or in disagreement with a closer relationship with large cooperatives. In addition it was hoped that some insight into the reasons why some members would favor and some reject this linkage would be found.

METHOD

On July 1, 1961, when this study was started, a list of 99 locally owned and operated cooperatives was obtained. As far as could be determined, this represented all of the local cooperatives doing business at that time. According to Sorenson* there were 534 active licensed elevators in Michigan in 1958. This indicates that local cooperatives constitute approximately

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*Sorenson, V. L., "Elevator Outlook Committee Report," Ag. Econ. 742, Michigan State University, December, 1958.

19% of the total elevator population in Michigan. These Co-ops are distributed throughout Michigan quite in line with the relatively high farm production areas. This distribution shows high concentrations in the Ottawa, Kent, Allegan, Barry county areas in the west-central area of the state; in the Van Buren, Berrien, Cass county area in the south-west; in the south and east section made up of Hillsdale, Lenawee, Washtenaw, Monroe counties; and in the "thumb" area Huron, Saginaw, Tuscola and Sanilac counties. Less concentrated are the cooperatives in the Mescosta, Isabella, Midland county area in the north-central part of the state. Cooperatives are very sparse in the north-west Manistee, Mason and in the far north Charlevoix, Otsego county areas.

Little is published about local cooperatives, especially about their business activities. such as purchasing policy, sales volumn and marketing practices. Very little research has been done on Co-op managers' career patterns, relative influences of managers on policy making and membership activities. Much has been written, however, on the general cooperative movement, the history of its development and about cooperative ideology. We do know that cooperatives are a voluntary organization with great membership control through elected board members who in turn hire a professional manager. As such any decision, policy or practice adopted by the cooperative can be done only with the consent of some majority combination of manager, board member and farm member.

With this thought evident, it was decided that the major part of the study should be centered around the relative influence of manager, board member, and farm member or any possible coalition of the three on the decision to agree or disagree with joining up with a large cooperative. In

short, who in the local cooperative would be most likely to favor linkage with larger cooperatives? Who would ally with whom to exert pressure? And under what circumstances would a person change his mind?

COOPERATIVE SAMPLE

Random sampling is a technique which makes it possible to infer knowledge about a large group of cases on the basis of knowledge of fewer carefully chosen cases. This technique made it possible to understand things about all 99 cooperatives by studying a randomly chosen sample of 30.

Table 1 shows that 42% (12) of the cooperatives in the sample gross less than one half million dollars per year with two of that group as low as $60,000. These can be referred to as relatively small Co-ops. Twenty-eight per cent (8) gross between $500,000.00 and one million dollars per year. These medium-sized cooperatives, slightly over a fourth of the sample, probably show the best potential for growth. The small operators seem to be in areas of high competition or low farm potentials. Thirty per cent (9) of the sample grosses $1,000,000.00 to $6,250,000.00 and of that group 7% (2) are in the three to six million dollar bracket. These large Co-ops are the financially powerful organizations and represent a large share of the business volume represented in the sample.

Totally, the 29 Co-ops accounted for in the sample, had a gross sales in 1960 of $28,877,000. Nine of the largest (30%) account for 73% of the total sales volume. Assuming that this can be expanded to the 99 local Co-ops in the state, 30% of them will do 73% of the total business annually. This represents a problem in linkage because one might guess that it is

unlikely that these financially powerful organizations will join up with a large Co-op. There are indications that this might be a selling problem rather than a problem of linkage. Even so, these financially powerful Co-ops do not necessarily resist linkage, an interesting fact which will be discussed later.

This sample is representative of the 99 cooperatives in Michigan as indicated by the fact that it showed the same geographical distribution as do the cooperatives themselves. Another indication of the sample's representativeness is the appearance of a wide range of size of operation, as measured by annual sales volume. The annual sales volume ranged from $60,000.00 to $6,000,000 with all variations in between. In summary then we can be confident that our sample represents all of the cooperatives in question with a maximum error of only 10 to 15%. This 30.3% sample is large enough to permit great accuracy and confidence when used to generalize about Michigan's locally owned and operated cooperatives.

TABLE 1. Size and Number of Local Cooperatives Based on Gross Annual Sales for 1960, As Represented in the Sample

1960 Gross Annual Sales	Number of Co-ops in Sample	Per Cent of Co-ops in Sample
$ 000,000 - $ 249,999	8	28
250,000 - 499,999	4	14
500,000 - 749,999	6	21
750,000 - 999,999	2	7
1,000,000 - 1,249,999	2	7
1,250,000 - 1,499,999	1	3
1,500,000 - 1,749,999	1	3
1,750,000 - 1,999,999	1	3
2,000,000 - 2,249,999	1	3
2,250,000 - 2,449,999	1	3
3,250,000 - 6,249,999	2	7
	29*	100

*One manager did not answer.

THE PEOPLE STUDIED

Method of Selection. Preliminary investigation showed that the manager, board and farm members might all be involved in the decision-making process of the cooperative. For this reason it was decided that one such person should be interviewed in each of the Co-ops studied. Thus, the people sampled for this study are a somewhat different sample than is the Co-op sample. In the 99 Co-ops there are only 99 managers. Our sample of 30 managers is as strong as the Co-op sample.

Board members, however, present a different picture. The board sample included one member of the board of each of the 30 cooperatives. Each such person was selected approximately at random from among the board members. On the average a board consists of five (5) members. Therefore there would be approximately 495 board members involved. Thirty represents only a 6.1% sample. Each farmer member respondent was also selected by a technique which guarantees approximate randomness. These thirty farm members represent a small proportion of all of the farm members in local Co-ops.

Table 2 shows that 25% of the sample were presidents, 4% were other officers, and 71% were trustees or directors.

Methods Used to Get Information. For each of the 30 Co-ops in the sample, the manager, one member of the Co-op board and one farm member was personally interviewed. These interviews were conducted by trained interviewers who traveled to the cooperative office for the manager interview. The board and farmer members were interviewed at their farms. It took an average of one and a half hours to complete the manager interview and

approximately one hour for the board member and three-quarters of an hour for the farm member. Of the 90 people approached, all cooperated and submitted to interview.

The manager schedule was most extensive because of the need to gather information about the business operations of the cooperative. Likewise, considerable information was asked of both board and farmer members. It is anticipated that this information will be analyzed and reported in the future. This report will deal with the more crucial problem of the probability and reasons for Co-op members to favor or disfavor joining up with larger cooperatives.

TABLE 2. Position on the Board of Members in the Sample

	% in Sample
Presidents	25
Vice Presidents and Secretaries	4
Trustees, Directors	71
	100

Age, Education and Manager Tenure. Age, education and manager tenure are important things to consider for two reasons. The first reason is to get a picture of the background of people involved in local cooperatives. This is important because different strategies are necessary to deal with people of different age and educational backgrounds. The second

reason is that it is likely that people of different ages and with different educational backgrounds may respond to linkage differently. Likewise, managers who are insecure in their positions may respond differently than those who are sure of themselves. Table 3 shows the ages of managrs, board members and farmer members.

Managers' ages range from 30 to 69 with 62% in the 40-59 group; board members ranged in age from 40 to over 70 with 58% in the 40-59 bracket while farmer members showed a greater age range than managers and board members. Their age range is from 20 to over 70 years with only 48% in the 40 to 59 age bracket. This shows, in general, that board members are the oldest group followed by managers and that the farmer group was slightly younger and were from a greater age range.

TABLE 3. Per Cent of Managers, Board Members and Farmer Members by Age Grouping in the Sample

Age Grouping	Managers	Board Members	Farmer Members
	%	%	%
20-29			7
30-39	21		21
40-49	31	34	38
50-59	31	24	10
60-69	17	28	21
70 or over		14	3

The differences in age between board members and farmer members is quite significant. Table 4 shows this difference. Farmer members are

significantly younger than board members.

TABLE 4. Differences in Age Between Board Members and Farmer Members in the Sample

Age	Board Members	Farmer Members
49 years and less	34%	66%
50 years and more	66%	34%

Education. Table 5 shows the years of formal education attained by the people in the sample. The modal (where most cases fall) educational level

TABLE 5. Years of Formal Education of Managers, Board Members and Farmer Members in the Sample by Per Cent

Years of Schooling	Managers	Board Members	Farmer Members
Less than 8th Grade	7%	3%	0%
Eighth Grade	17%	41%*	38%*
Less Than High School Graduation	17%	21%	21%
High School Graduation	41%*	24%	38%*
Less Than College Graduation	10%	10%	3%
College Graduation	7%	0	0

*The modal group (where most cases fall)

for managers is high school graduation; for board members completion of the eighth grade; and for farmer members there is an equal split between completion of the eighth and twelfth years. This indicates that in the case of the managers who are, in this sample, a younger group than board members but older than the farmer members, high school graduation appears to be a selective factor. The board members who are the oldest group with the least range in age have a median educational level of the eighth grade. The split in educational level among farmer members between eighth grade and high school graduation is a reflection of the wider range of age among that group. Younger farmers have more education than do older ones. (This is because the younger people have had more opportunity to go to school.) Taken together of those people in the sample, 36% did not go to school beyond the 8th grade and 5h% did not go beyond the 12th grade.

Managers' Experience. Fifty-five per cent of the managers in the sample were managers nine years or less; twenty-one per cent were managers from 10 to 19 years and 24% were managers 20 years or more. Table 6 shows the number of years various managers have held that position in relation to the size of their Co-ops.

Thirty-four per cent of all managers in the sample were managers of small Co-ops nine years or less, 11% were managers of medium sized Co-ops for 10 to 19 years and 11% were managers of large Co-ops for 20 years or more. This shows that as the size of the operation increases, the more likely it is that the managers will have longer tenure.

TABLE 6. Years of Managerial Experience of Managers by Size of Operation of Co-op in the Sample

Years Manager	Size of Operation Small	Medium	Large
0 - 9	34%	10%	10%
10 - 19	0	14%	7%
20 or more	7%	3%	14%

THE MEASUREMENT OF ATTITUDES TOWARD BECOMING A MEMBER OF A LARGER CO-OP

About midway in the interview, after the interviewer had established rapport, he presented to the respondents this question:

> Some people believe that today's competition makes it hard for a local cooperative to survive by itself. These people think that big organizations of co-ops may be the answer.
>
> We would like to know how you feel about this. As things stand now, are you <u>for</u> or <u>against</u> this Co-op becoming part of a larger cooperative?

For those who answered "for" the interviewer would ask, "Why are you for it?" and record the answer. He would then ask, "Is there any particular large Co-op you'd favor joining up with?" and, "If yes, which one?"

For those who answered "against," the interviewer would ask, "Why are you against it? Under what conditions would you consider changing your mind?" and "Is there any large Co-op you'd consider joining up with?"

After recording the answers, the interviewer would say, "Here are a set of conditions Co-op people might take into account if they had to consider whether this Co-op should join up with a larger one. Which of these would make you think more favorably about it?"

Managers were asked to respond yes or no to these statements:

1. If the salary would be higher.
2. If there would be a better chance of getting ahead.
3. If there would be good fringe benefits.
4. If I were to be relieved of some of the pressures of this job.
5. If I could be sure of keeping this job.
6. If I could keep control over the operation.
7. If the farmer members would be for it.
8. If the board members would be for it.

The board members were also asked to respond yes or no to:

1. If the board could keep a say in the decisions affecting the local co-op.
2. If the service would be better.
3. If the patronage would be higher.
4. If prices would be lower.
5. If the manager would be for it.
6. If the farmer members would be for it.

Finally, the farm members were asked to respond to:

1. If the service would be better.
2. If the patronage would be higher.
3. If prices would be lower.
4. If the manager would be for it.
5. If the board would be for it.
6. If the farmer members could retain some control over the operation.

Consequently, this series of questions elicited information about:

1. Who is for and who is against linkage with large Co-ops.

2. What things would make them more favorable toward linkage.

WHAT KINDS OF PEOPLE TEND TO BE FAVORABLE AND UNFAVORABLE TOWARDS BECOMING A PART OF A LARGER CO-OP?

As discussed previously the central focus of this report will deal with the kinds of people in local Co-ops who agree or disagree with the idea of having their local Co-ops join up with larger ones. This is crucial because the economic situation in which local Co-ops find themselves may make

it necessary for them to consider affilliation with larger organizations. This decision for anyone to make on the spur of the moment is difficult, to say the least. The ease and clarity with which the respondents answered these questions indicates that it is a real problem to most of them and that they had given it considerable thought in the course of their activities with their Co-ops.

How were these important questions answered? Responses to the question, "As things stand now, are you <u>for</u> or <u>against</u> this Co-op becoming part of a larger cooperative?" are presented in Table 7.

Table 7 shows that 66% of the managers, 48% of the board members, and 76% of the farmer members said they opposed joining with a larger Co-op. When taken as a whole, 37% of the sample favored joining and 63% did not. Farmer members were most unfavorable followed by managers. Only the board members were favorable, and then by only a slight margin. These findings are somewhat surprizing when viewed as an indication of the possible resistance to linkage with larger Co-ops. The fact remains that considerable resistance to linkage is present and that this resistance is a symptom of underlying conditions which contribute to a decision of this type.

TABLE 7. Managers', Board Members' and Farmer Members' Responses to Being For or Against Their Co-ops Joining Up With a Larger Cooperative

	Per Cent For	Per Cent Against
Managers	34%	66%
Board Members	52%	48%
Farmer Members	24%	76%

SIZE OF OPERATION

As discussed earlier, some of the Co-ops in the sample were small operations in terms of sales while others were large. In fact, they ranged from $60,000.00 to $6,000,000.00 annual sales. One of the first questions which may arise would be, are members of large or small local Co-ops more inclined to favor linkage?

TABLE 8. Managers, Board Members and Farmer Members From Small, Medium and Large Local Co-ops Who Favor and Disfavor Linkage with Larger Co-ops

Size of Operation		Managers For	Managers Against	Board Members For	Board Members Against	Farmer Members For	Farmer Members Against
Small	$000,000 - 499,999	33%	67%	58%	42%	25%	75%
Medium	$500,000 - 999,999	0	100%	25%	75%	37%	63%
Large	$1,000,000 - 6,000,000	67%	33%	67%	33%	12%	88%

Table 8 shows that of those from small Co-ops, managers and farmer members tend to be against linkage while more than half of the board members are for it. All the managers, 75% of the board members and 63% of the farmer members in medium sized Co-ops are against linkage. Therefore, most all of the people involved in small and medium sized Co-ops, except board members of small Co-ops, tend to be against linkage. This would support the contention that members of relatively small Co-ops view local independence and local

control as extremely important to them, even in the face of economic hardship. An indication of this can be concluded from some of their comments. One manager who did not favor linkage said:

> "We would lose our independence and local control...we would buck it all the way."

Board members' comments ran like this:

> "A Co-op should be locally owned," and "We want to run our own business,"

while farmer members said:

> "The bigger an outfit gets the more bullheaded they get; they set prices and there is no chance for personal dealings." "The larger it gets, the harder it is to control," and "A local Co-op can function better in the community for the community, we don't want absentee control."

These are powerful comments, but almost to the man, they said that if they had a choice between seeing their Co-op fail or linking with larger Co-ops, they would choose the latter. This was presented, however, as almost a last ditch solution.

Table 8, in addition, shows that two-thirds of the managers and board members of large Co-ops favor linkage while 88% of their farmer members do not favor it. It is quite apparent that managers and boards of the larger Co-ops would be more aware of the competitive picture and that they would be involved in a growing organization which is meeting competition. Unlike the smaller Co-op participants, they would not view linkage with still larger Co-ops as a threat to their independence and local control. Their experiences have shown them that they must be large to survive. The farmer members of these larger Co-ops are like all farmer members in that they do resist linkage and do view large Co-ops as a threat to their independence and

local control.

In summary then, those who would be most favorable to linkage would be large Co-op managers and board members and slightly less favorable would be small Co-op board members. All others are unfavorable to linkage. This is not an easy solution because over-the-board all farmer members are against linkage and as will be discussed later, managers and boards defer strongly to the wishes of their members.

REASONS FOR BEING FOR OR AGAINST LINKAGE

When the people in the sample were asked to give reasons why they favored or opposed linkage of their local Co-op with a larger organization, they responded thus:

Reasons Given For Being Against Linkage

Reasons	Per Cent Responding
1. Preference for local control.	44%
2. Big Co-ops give poor service.	26%
3. Unspecified dislike for bigness.	15%
4. Bigness blocks competition.	5%

Reasons Given For Being For Linkage

Reasons	Per Cent Responding
1. Increased efficiency, profits, etc.	57%
2. Forced to by modern competition.	37%

These reasons given for agreement or disagreement with linkage clearly demonstrate that those who are against linkage feel that they do not want to lose local control; dislike big organizations because they give poor service

and deter competition.

Of those who are in favor of linkage, all give reasons which appear to be rational in terms of the realistic problems of local cooperatives. Fifty-seven per cent feel that large organizations are more efficient and 37% say that competition is such that linkage is necessary.

In summary, those who resist linkage tend to give localistic and individualistic reasons for their position while those in favor of linkage tend to justify their position with rationalistic economic reasons.

WHAT WILL MAKE PARTICIPANTS IN LOCAL COOPERATIVES CHANGE THEIR MINDS ABOUT BEING A PART OF A LARGER COOPERATIVE

It is a sociological fact that people tend to behave consistent with their values, feelings, and opinions. It is also a fact that under situations of stress and hardships, they may be forced to behave in terms of the stress situation rather than in terms of their values and feelings. Likewise, situations of stress may force them to change their values or at least force them to choose other alternatives. This is the case with Co-op members.

Whether or not the respondent agreed or disagreed with linkage, he was asked to consider factors which may alter his opinion. This was accomplished by presenting him with the following phrase, "Here are a set of conditions Co-op people might take into account if they had to consider whether this Co-op should join up with a larger one."

Managers. Managers' responses to these alternatives are presented in Table 9. Table 9 shows that those for linkage picked different alternatives than did those managers who were against linkage. Those who were for linkage agreed that the four most important conditions to being more favorable

would be, "if farmer members were in favor;" "if board members were in favor;" "if better fringe benefits were available;" and "if it afforded a better chance of getting ahead." These managers, in general, viewed deference to the wishes of the board and membership as most important while the conditions of 3rd and 4th importance were job related. They would be more favorable if linkage offered better rewards for their work and better chances of getting ahead on the job.

Those managers who opposed linkage (like those who were favorable) would comply with the wishes of the board and membership. Unlike those who are favorable, the unfavorable group consider job security as important. Of 3rd and 4th importance, they relate, is maintaining control over the operation and whether or not they could keep their present job.

TABLE 9. Factors Contributing To a Greater Degree of Favorability Toward Joining With a Larger Cooperative By Local Co-op Managers

Per Cent Reporting Willingness To Change		
FOR JOINING	AGAINST JOINING	Factors
100	88	Would be more favorable to joining if farmer members were in favor.
88	80	Would be more favorable to joining if board members were in favor.
82	29	Would be more favorable to joining if better fringe benefits available.
64	28	Would be more favorable to joining if better chance of getting ahead.
55	71	Would be more favorable to joining if could maintain control over present operation.
45	11	Would be more favorable to joining if higher salary available.
36	24	Would be more favorable to joining if some relief of job pressures.
36	65	Would be more favorable to joining if could keep present job.

In summary, the things which would make all managers more favorable toward linkage with a large Co-op includes agreement with the board, the membership, favorable job conditions in the areas of getting ahead, fringe benefits, retention of job, and control over the operation.

Board Members. One of the most significant aspects shown in Table 10 is that a very high proportion (87 to 67%) of the board members who favor linkage would be even more favorable under any of the conditions presented to them. Of most importance is the retention of "a say in the decisions about the Co-op," followed by "better service" and "lower prices." They also respond to the manager's (80%) position on favorability. Those board members who are against linkage on the other hand view their manager's opinion to be of little influence (only 8% said they would be more in favor of linkage if their manager was) in changing their opinion. The most important consideration of this group is in the conditions of farmer member favorability and if services and prices were improved.

TABLE 10. Factors Contributing To a Greater Degree of Favorability Toward Joining With a Larger Cooperative By Board Members

Per Cent Reporting Willingness to Change		
FOR JOINING	AGAINST JOINING	Factors
87	57	Would be more in favor if board could keep a say in decisions.
87	71	Would be more in favor if service were better.
80	62	Would be more in favor if prices were lower.
80	8	Would be more in favor if managers were in favor.
80	85	Would be more in favor if farmer members were in favor.
67	42	Would be more in favor if patronage were higher.

Generally, among important data on board members are the findings that those both for and against do not consider higher patronage very important and the wide difference between the effect the manager's opinion has on changing their own.

Farmer Members. As shown in Table 11, a very high proportion of farmer members who are for linkage show a high willingness to change to becoming even more favorable but it is important to note that only a small number (24%) were in this group. Moreover, the farmer members who are for linkage respond favorably to any of the conditions presented.

Among the farm members who oppose linkage, the desire for local control is again prominent. They report that the most important condition to changing their minds would be "if farmer members could maintain control over the operation." Of second and third importance is favorable prices and service. Managers' and board members' opinions are of least importance. Apparently farmer members view their Co-op as an organization of their own choosing for their own service, and unless they can control the operation, they would oppose linkage.

TABLE 11. Factors Contributing To a Greater Degree of Favorability Toward Joining With a Larger Cooperative By Farmer Members

Per Cent Reporting Willingness to Change		
FOR JOINING	AGAINST JOINING	Factors
100	55	Would be more favorable if board were for it.
100	68	Would be more favorable if prices were lower.
86	39	Would be more favorable if patronages were higher.
86	67	Would be more favorable if service were better.
71	45	Would be more favorable if managers were for it.
86	75	Would be more favorable if farmer members could maintain some control over the operation.

This is a dramatic example of the strength of localistic and individualistic values as opposed to economic considerations even in the face of disadvantageous economic situations. It may also indicate a lack of realistic information about the economic realities with which local cooperatives are faced.

SUMMARY

The central purpose of this study is to find out which local cooperatives are for linkage of their Co-op with a larger Co-op organization and which are against it. It was found that generally managers tend to resist linkage, that farmer members are highly opposed to it; but that board members are slightly in favor of linkage.

Resistance to linkage was found to be related to size of operation. Among people associated with small local Co-ops, managers and farmer members resist linkage most, but board members tend to be in favor of it. All three groups are unfavorable from medium sized organizations. Managers and board members from large local Co-ops are decidedly in favor but their farmer members are most unfavorable of all.

In terms of reasons for being against linkage it was found that the most prevalent reason for opposition was a "preference for local control" followed by a "dislike for bigness" in itself and that "big Co-ops give poor service" and they "block competition." These responses indicate that those who oppose linkage oppose it on the basis of values which are consistent with their beliefs regarding localism and individualism. They look with disfavor on anything that would be a threat to their notions of local control, self-determination and competition. Those who favor linkage do

so on the grounds that large organizations tend to "be more efficient, have better profits and that they are forced by modern competition to favor linkage." This group appears to form their opinion on the basis of knowledge about rational economic problems rather than their feelings about localism. Linkage to them is an economic necessity and not a threat to their independence.

When confronted (by the interviewer) with the possibility that linkage may be a necessity and informed of what alternatives were available some tended to change their position while others did not. Managers who were for linkage said that they would become even more favorable if farmer and board members would be <u>for linkage</u>, if they could get better fringe benefits and if they would have a better chance of getting ahead. This indicates that this group defers to the membership but that they are concerned with occupational opportunities.

The managers who oppose linkage, likewise defer to the membership, but their occupational concern is one of job security. They would change their minds if they could be assured that they could retain control of the operation as well as retain their present jobs. In general, managers view their jobs as an important aspect of their position on linkage.

Board members who favor linkage view retaining a say in the decisions of the Co-op, service, prices and favorability of managers as important considerations. Those who resist linkage on the contrary show almost no regard for the wishes of the manager but consider deference to farmer members, better service and prices as important conditions for a change of opinion. Unfavorable board members tend to exhibit attitudes of independence and localism.

Farmer members, the group most opposed to linkage, show differences in terms of a change in position. Those who are favorable are the only ones who view patronage as an important condition. They also place the views of the board and better prices at the top in importance for linkage. On the other hand, farmer members who oppose linkage, like managers, cite control of the operation as a crucial condition along with prices and service.

CONCLUSION

The notion of linkage with larger cooperatives is an issue of social change. Social change takes place slowly and with difficulty, and requires a change in attitudes before it can be accomplished. This study shows that there is likely to be great resistance to change, but it also shows the conditions under which change is most likely to occur.

Clearly, the process of peaceful merger will be facilitated (1) if managers can be sure that their own jobs will not be threatened; (2) if managers, board members, and farmer members can each be sure that they will be able to exert influence on the actions of the local Co-ops; and (3) if each group is convinced that the others are in favor of merger.